UNITED NATIONS

TD

United Nations Conference on Trade and Development

Distr.
GENERAL

TD/B/42(1)/11
TD/B/LDC/AC.1/7
2 August 1995

Original : ENGLISH

TRADE AND DEVELOPMENT BOARD
Second Meeting of Governmental Experts from
Land-locked and Transit Developing Countries and
Representatives of Donor Countries and Financial
and Development Institutions
New York, 19 June 1995

# Report of the Second Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions

## Held at United Nations Headquarters, New York, from 19 to 22 June 1995

CONTENTS

| | Chapter | Paragraphs |
|---|---|---|
| | Introduction . . . . . | 1 - 3 |
| I. | Review of progress in the development of transit systems in the land-locked and transit developing countries (agenda item 3), and . . . . . | 4 - 54 |
| | Proposals for appropriate future action (agenda item 4) | |
| II. | Organizational matters . . . . . | 55 - 59 |

Annexes

I. Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community

II. Attendance

III. Checklist of documents

GE.95-52680

## INTRODUCTION

1. In paragraph 10 of its resolution 48/169 the General Assembly inter alia invited the land-locked developing countries and their transit neighbours to intensify further cooperative arrangements for the development of transit infrastructure, institutions and services to facilitate the faster movement of goods in transit, with financial and technical assistance from donors and financial agencies. In order to further promote these efforts designed to improve transit transport systems, the above resolution requested the Secretary-General to convene a second meeting of governmental experts from land-locked and transit developing countries and representatives from donor countries and financial and development institutions, whose objective is to review the progress of the measures they are undertaking in this regard. This meeting, which took place from 19 to 22 June 1995 in New York, was preceded by a Symposium for Land-locked and Transit Developing Countries which addressed specific regional problems that these countries face in their efforts to improve their transit transport systems. It was convened from 14 to 16 June 1995, also in New York, pursuant to paragraph 12 of the same resolution. The Symposium made proposals for the development of a global framework for transit transport cooperation between land-locked and transit developing countries and the donor community which were submitted to the above intergovernmental meeting for further consideration.

2. In his opening statement, the Chairman stated that the outcome of the Symposium for Land-locked and Transit Developing Countries, held from 14 to 16 June 1995, marked a vibrant breakthrough in the development of a global framework for transit transport cooperation between land-locked and transit countries. It also addressed issues related to the need for donor intervention in support of transit transport development programmes. He noted that the current Meeting provided an important opportunity for an exchange of views between the land-locked and transit developing countries and their development partners regarding the existing transit transport problems which these countries continued to face and the proposals for future joint action, taking into account the outcome of the Symposium.

3. He commended the very impressive attendance of the delegations in the meeting which demonstrated the positive political will of all concerned to improve transit transport systems. The donor community had supported major projects in this regard, but more needed to be done in order to forge ahead towards effective triangular transit transport cooperation.

## Chapter I

REVIEW OF PROGRESS IN THE DEVELOPMENT OF TRANSIT SYSTEMS IN THE LAND-LOCKED AND TRANSIT DEVELOPING COUNTRIES
(Agenda item 3)

PROPOSALS FOR APPROPRIATE FUTURE ACTION
(Agenda item 4)

4. For its consideration of the agenda items, the Meeting had before it three key reports: "Improvement of transit transport systems in land-locked and transit developing countries: issues for consideration" (UNCTAD/LLDC/SYMP/3); "Subregional and regional synopsis of the current transit transport situation and difficulties" (UNCTAD/LLDC/SYMP/4); and "Proposals for the Improvement of a Global Framework for Transit Transport Co-operation between Land-locked and Transit Developing Countries and the Donor Community" (UNCTAD/LLDC/SYMP/5).

5. The Chairman introduced the report of the Symposium (see also paragraph 1) and noted that the report addressed fundamental transit transport policies, sectoral issues covering all modes of transport namely rail and road traffic, inland waterways, communications and air freight. It also outlined the role of international support measures in the transit traffic sector.

6. In his introductory statement, the representative of UNCTAD outlined the proposals for a global framework for transit transport cooperation as agreed upon in the Symposium. These proposals covered fundamental transit transport policy issues, sectoral issues and the role of the international community. With regard to the first aspect, the proposals related to the development of physical transit transport infrastructure; the liberalization of trade in transit services; the strengthening of bilateral and subregional cooperative arrangements; the need for the development of alternative routes; the establishment of institutional mechanisms to monitor the implementation of agreed transit rules and procedures; the need to adhere to international conventions; the encouragement of regional and subregional trade; the improvement of training facilities; and the prevention of environmental degradation. With regard to sectoral issues, he noted that the Symposium had emphasized the need to encourage the management of all modes of transport that ensure the commercial viability of transit traffic operations, to promote the privatization of transit traffic, and to involve the private sector in formulating transit traffic policies.

7. With regard to the role of the donor community, he said that the Symposium agreed on a substantial increase in the flow of

financial and technical assistance to land-locked and transit developing countries on a grant basis and/or concessional terms. He also noted that the priority areas for financial assistance outlined by the Symposium included: the support of new investments; the development of alternative routes; the development of dry port projects; the provision of transit transport equipment; and the support for projects in trade and production which promote subregional and regional trade. He further pointed out that the developed countries were also called upon to improve market access for products of export interest to land-locked developing countries.

8. He noted that UNCTAD and the regional economic commissions and concerned technical assistance institutions had also been called upon to further expand their technical assistance programmes in the land-locked and transit developing countries in various areas of transit transport. With respect to the follow up to the recommendations of the Symposium, he said that the Symposium agreed that UNCTAD, in cooperation with land-locked and transit developing countries, the donor countries, and the regional economic commissions and relevant subregional institutions would organize transit corridor specific consultative groups which would identify priority areas for action at the national and subregional levels and establish the framework for the implementation of agreed measures.

9. The representative of Mongolia, speaking on behalf of the group of 29 land-locked developing countries, referred to UNCTAD as the only body in the United Nations system that undertakes activities on behalf of the land-locked countries. The increase in the number of land-locked countries had been followed by increased challenges which those countries face. The serious constraints of land-lockedness on the overall developmental efforts of land-locked countries required greater attention and increased support on the part of the international community. In addition to bilateral and subregional arrangements, an efficient and reliable transit transport system could be promoted through relevant international agreements. It was, however, regrettable that adherence to a number of international agreements related to transit transportation operations had been inadequate. As some of the international conventions were tailored to the economic and technical circumstances of the developed countries, her group believed that the possibility of elaboration of such an instrument stipulating minimum safeguard requirements for the land-locked developing countries deserved consideration.

10. Her group believed that the proposals for the development of a global framework for transit transport cooperation between land-locked and transit developing countries and the donor community represented a solid basis for future activities. With increased globalization of world economy and trade, the costs and risks of

transit further aggravated the economic, social and financial situation of the land-locked developing countries by reducing the value of exports and inflating the costs of imports, thus making them internationally less competitive, and it was in that connection that her group had requested the UNCTAD secretariat in March 1995 to prepare a report or study on the impact of the Uruguay Round arrangements on the land-locked developing countries.

11. The representative of France, speaking on behalf of the European Union, said that while the Union was interested in the problems of the land-locked developing countries at the United Nations General Assembly, it had some hesitation in recognizing a category of countries on the basis of geographical characteristics. By themselves, geographical handicaps were not a determinant of economic underdevelopment, as the experience of certain members of the European Union would indicate. Instead, resolving the transit difficulties of the land-locked developing countries required good relationships between these countries and their transit neighbours. For the European Union, the lack of development formed the basis of providing development assistance and the least developed countries (LDCs) were the priority countries in this regard. Those land-locked countries that were LDCs would thus have such priority.

12. The European Union recognized the difficulties of land-locked developing countries, which was reflected in the Lomé Convention. It also recognized the useful work done by UNCTAD in cooperation with other organizations. It supported the land-locked countries in the area of developing transit arrangements and would continue such support. It had noted the outcome of the Symposium for Land-locked and Transit Developing Countries, and would take it into consideration during the course of the present meeting.

13. The representative of Uganda stated that, as a land-locked country, Uganda relied on Kenya and the United Republic of Tanzania for access to and from the sea. However, Uganda was also a transit country for the land-locked countries of Rwanda, Burundi and Zaire. Following a period of instability prior to 1986, Uganda had moved forward with economic reform and rehabilitation of physical infrastructure. This included a four-year Priority Road Maintenance Programme 1994/1995-1997/1998 and a ten-year Highway Maintenance and Development Plan. Uganda's routes to the sea through Mombasa and Dar-es-Salaam had suffered from capacity and maintenance problems. The Mombasa route was particularly handicapped by cumbersome customs and administrative procedures, while the Dar-es-Salaam route faced capacity and telecommunications constraints. Uganda placed high priority on close cooperation with its transit neighbours.

14. In addition to bilateral agreements, Uganda participated in subregional organizations, including the Northern Corridor Transit

Agreement and COMESA. Uganda and its transit neighbours had established important legal norms and standards under the auspices of bilateral and subregional cooperative arrangements. There was a need for international support to strengthen efforts at both the national and subregional levels, including technical assistance for human resources development and support to establish and implement environmental standards. Finally, Uganda had proposed a special United Nations conference on land-locked and transit developing countries and the donor community to be held in the near future.

15. The representative of Nepal stated that transit modalities were still complex and cumbersome and enforcement was weak at the operational level. Port congestion, lots of documentation requirements, delays, slow movement of goods, non-availability of equipment and railway wagons, transshipment and other indirect costs not only increased the cost of their imports and of production but also eroded the competitive edge of their exports. While many transit-related operational issues had been and could be resolved at the bilateral level, improvement of the transit physical infrastructure would require increased international financial support. UNCTAD should provide the necessary support for the development and implementation of an harmonized modality, procedure and documentation system. Formulation of, and adherence to, a minimum code of conduct for transit trade should facilitate both land-locked and transit countries.

16. He said that the unified broad gauge railway system in India which connected one of Nepal's nearest border points with the port of Calcutta had come into operation recently and was expected to facilitate smooth transit. Nepal was also in the process of implementing an Inland Containerized Depot and a multimodal transport system in order to improve the transport transit system. The inland containerized depot had been designed with the possibility of converting it into a dry port. It was important that UNCTAD document all conventions and resolutions related to the transit transport issue. Creation of a forum at the regional level with the participation of the land-locked and transit countries, the donor community, UNCTAD and concerned regional organizations would be conducive to improvement of the transit transport system.

17. The outcome of the Symposium for Land-locked and Transit Developing Countries formed a solid basis for future actions for the development of a transit transport system for the land-locked developing countries. He was confident that the proposals made would be successfully implemented with the support of the transit countries, donor community and international organizations.

18. The representative of Rwanda recalled the Rwandan tragedy and expressed his country's gratitude to all the donors, including non governmental organizations (NGOs), which had extended assistance to his country. Rwanda urgently required assistance to repair and

rehabilitate the physical infrastructure, replace the vehicle fleet and rebuild its human resources, both in the public and private transport sectors. Rwanda's transit routes through Mombasa and Dar-es-Salaam also required international support to eliminate both physical and non-physical barriers. In this context, Rwanda urged the European Union to continue its block train project in the Central Corridor through Dar-es-Salaam and to consider financing a rail link from Rwanda to the Central Corridor in the effort to diversify Rwanda's alternative routes.

19. The representative of China stated that with its vast territory, long coastline and borders with many countries, China constituted a major transit country in Asia. Historically it was famous for the silk route which had connected China through central and west Asia to the Persian Gulf region. Today China provided transit to a large number of countries including the former USSR and countries in East and Central Asia. Multi-modal transit transport had been conducted since the early 1980s through the Siberian railways which connected China with a large number of countries in Asia and Europe. As a free port for international trade, Hong Kong was a major centre for handling containers and providing sea and air routes.

20. In 1992, the second Eurasian transcontinental land bridge was declared operational. It connects China with 30 States and regions in the Central Asian and the Eastern and Western European regions. He elaborated on the transit routes provided by this land bridge, pointing out that it would contribute to the development of transit trade in Asia and Europe. He also outlined some of China's priority issues in the area of international transport, namely more effective use of the second Eurasian corridor and vigorous development of the transit transport system with neighbouring countries, including the successful exploitation of the Mekong River.

21. He then declared that his country was always ready to consider the question of transit transport on the basis of mutual equality and benefit and according to the principles of peaceful co-existence. As a developing country, China itself was, however, short of foreign exchange and technical personnel. He hoped that appropriate external support would be forthcoming to accelerate transit transport and economic development in the region.

22. The representative of Thailand shared the view expressed in the secretariat report that fundamental aspects of transit problems were rooted in the need for bilateral and regional cooperation. His Government had liberalized the handling of transit cargo for the neighbouring country in 1992, and meetings of government officials, both at the national and provincial levels, aimed at exploring the expansion of transportation and communications had

been intensified. Thailand believed that expansion of the transportation network among the neighbouring countries in the region was conducive to economic expansion in south-east Asia, and in that context his country had initiated a number of subregional road network projects and was participating therein. They included subregional transportation and tourism linkages which explored the possibility of finalizing an integrated land and water transportation network among China, Lao People's Democratic Republic, Myanmar and Thailand, as well as economic cooperation in the Greater Mekong subregion. In this respect, the Thai International Cooperation Programme had been initiated.

23. The representative of the Islamic Republic of Iran said that his country attached great importance to regional cooperation in Asia and the Pacific. Major projects linking his country to the Central Asian Republics included the 700-kilometre Bafq-Bandar Abbas railway; the Mashhad-Sarakhs railway, due to be completed in early 1996; and the Zahedan-Kerman-Bandar Abbas railway; the road from Bazargan on the Turkish border to the Afghanistan border; the Harat-Dughan road to Afghanistan; a road linking Mashhad in Iran (Islamic Republic of) to Dushanbe in Tajikistan; the Silk Road Telecommunication Plan and a pipeline linking Europe and the Central Asian republics.

24. The Islamic Republic of Iran supported the activities and programmes that had been adopted under the auspices of ESCAP and the Economic Cooperation Organization (ECO), in particular the implementation of the Integrated Asian Land Transport Infrastructure Development (ALTID) project; and implementation of ESCAP resolution 48/11. In this context, his country had hosted in Teheran, in November 1994, an ESCAP seminar for ECO countries on implications of accession to basic transit transport conventions, and a multimodal transport workshop in May 1994.

25. The Islamic Republic of Iran devoted considerable resources to facilitating the transit trade of its neighbouring land-locked countries despite financial constraints. It was incumbent on donors to increase their support in response to the serious problems and needs of land-locked and transit developing countries.

26. The representative of Niger said that there was little more to add to the outcome of the Symposium except to report on the socioeconomic situation in his country. There has been a trend towards decentralization and democratization, which had implications for the transport sector. A forum on transport had been held in 1993 which recommended, among other things, restoration and rehabilitation of transit infrastructure, construction of rural roads and maintenance of transport facilities. A policy of diversification of transit corridors was being pursued and there had been consultations with concerned neighbouring countries. Tariff structures were being updated and

streamlined and would eventually be liberalized. Policy measures also encompassed the use of ports, rail and air transport. Toll roads were being set up to mobilize funds for the maintenance of road infrastructure. Resumption of negotiations related to the financing of the second phase of Niger's transport policy had also been envisaged. He added that soon a national fund for road safety would be set up. Furthermore, he noted that the public sector had undertaken measures to improve port, rail and air transport operations. However, internal resources were not sufficient to implement Niger's policies and programmes in the area of transport. He called for adequate donor support in this regard.

27. The representative of Kenya gave an account of the measures adopted in his country to deal with transit transport. He acknowledged the support provided by the donor community for maintenance and rehabilitation of the road network. Such support was also needed for road safety operations. He added that his Government was in the process of restructuring public enterprises, one being the Kenya Ports Authority. It entailed streamlining and strengthening corporate governance, improving the infrastructure, reorganizing management, managing tariff structures, improving equipment maintenance and streamlining of customs procedures. He then outlined the principles to be applied to accomplish the restructuring agenda.

28. He indicated the areas in which donor assistance in the form of grants or loans on concessional terms would be required, and elaborated on the actions of his Government in such areas as: railways, Lake Victoria waterways, transit facilities at border points and training. In addition, he expressed his Government's support for the RAF/88/015 project and urged TTCA, in liaison with UNCTAD, to convene a donors'meeting to mobilize the necessary funds with a view to reviving the project. This should enable UNCTAD to finalize pending assignments in the project and allow the countries to realize the benefits.

29. The representative of Benin recalled the approval of the five-year development plan in 1993 which paid particular attention to the development of the transport sector, in particular road, railways and port infrastructure. Specific objective assigned to the transport sector included strengthening of Benin's transit corridor, reducing the effect of land-lockedness of neighbouring land-locked countries, creating an environment for a fair competition between rail and road, and modernizing and improving maintenance of transport infrastructure. The activities being contemplated in the five-year plan 1993-1997 to respond to the above objectives included the development of road and rail networks and the port sector. Like many other transit developing countries, Benin faced a number of problems in ensuring the smooth flow of transit of goods by road to and from north-west land-locked

countries because of the poor condition of the existing road infrastructures along some parts of the road network. The development and rehabilitation of this road infrastructure and the removal of related bottlenecks required the assistance of donor countries and financing institutions.

30. The representative of India expressed support for specific actions and facilities to enable the land-locked developing countries to participate effectively in trade. He highlighted the need for tackling various aspects of transit problems, and noted that improvement of the transit environment required cooperative arrangements between land-locked and transit developing countries based on equality and mutual benefit. He said that India was working towards effecting improvements in roads and railways, including bringing about consistency in the railway gauge of India and Nepal. Other actions to improve the transit environment included promotion of regional and sub-regional trade.

31. He mentioned that it was with some circumspection that his delegation approached the question of additional legal instruments in the area of transit. Instead it was important to generate the necessary political momentum to improve the transit environment. As regards monitoring and follow-up arrangements, he underlined that the existing multilateral and bilateral arrangements represented the most appropriate monitoring mechanism, while exchanges of views could take place at the international level.

32. The representative of Togo said that while the world economy was showing signs of improvement, land-locked developing countries, in particular those in Africa, were facing formidable problems in their economic development efforts. Poor implementation of bilateral and multilateral agreements and international conventions, compounded by weak physical infrastructure, constituted the major constraint for economic development of land-locked countries. Togo provided transit facilities for Burkina Faso, Mali and Niger. The Government had taken a number of measures to simplify the administrative and customs procedures for transit of goods. Periodic meetings were also organized with transport authorities of land-locked countries using the port of Lomé, with a view to enhancing the transit transport system in the subregion. Togo was committed to subregional solidarity and cooperation. Support of the donor community was, however, necessary for improved transit transport infrastructure. In that context, the representative of Togo sought support from bilateral and multilateral financing institutions for improvement of the Lomé-Ouagadougou-Niamey-Bamako road.

33. The representative of Malawi stated that although his country had four alternative transit routes, high transit charges, particularly on the Tete route, was a major constraint. He stated that transit issues in his sub-region were discussed within the

framework of the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Customs Union (SACU). Although these subregional organizations had been able to establish common norms and standards on a range of transit issues, lack of implementation of agreed standards on certain transit routes implied the persistence of a number of problems. These included: high transit charges, cumbersome customs and administrative formalities, enforcement of more restrictive axle load standards and poor security of transit cargo.

34. Technical assistance made available under UNDP/UNCTAD and bilateral sources, such as USAID, assisted countries in the sub-region to introduce new systems, such as the coupon system for payment of transit charges, harmonized and simplified cross-border procedures, and establishment of national trade facilitation committees. He hoped that the international community would continue to support the Southern African sub-region in its endeavour to facilitate transit transport.

35. Malawi wished to extend its gratitude to international donors, in particular the World Bank and USAID which had provided project financing for the ongoing Malawi railways restructuring programme. He appealed to the donor community, financial and development institutions for support for the regional projects which still remained unfunded, such as: rehabilitation of the Cuamba and Nacala railway line; rehabilitation of the apron of Lilongwe International Airport; construction of a new road link between northern Malawi and the port of Mpulungu on lake Tanganyika in Zambia; and rehabilitation of the Beira railway line.

36. The representative of Mali described his country as large and sparsely populated. Mali depended on limited natural resources and faced considerable transit transport constraints. Mali had adopted an economic strategy which envisaged, among other important measures, providing greater management autonomy within the transport sector. This strategy would provide, in general, at a micro and macroeconomic level, a good environment for efficient transit transport operations. Mali wished to take the opportunity offered by the meeting to appeal to the international community to provide stronger support to the transit transport sector.

37. The representative of Ethiopia explained that his country had become land-locked in the wake of Eritrea's independence in 1991. The port of Assab in Eritrea handled 85 per cent of Ethiopian external trade, but transit was slow. The balance of 15 per cent was handled by Djibouti. The Eritrean Port of Massawa was potentially an important transit port for Ethiopia, but at present its infrastructure was inadequate for this purpose. To enhance the Djibouti corridor, the rail route had been supplemented by a gravel

road which could be used in emergencies. Ethiopia had entered into bilateral arrangements with both Eritrea and Djibouti for the use of their transit routes. Ethiopia was grateful to the European Union for assisting it to evaluate its transit transport options. It also required assistance in developing a dry port or inland container depot facilities.

38. The representative of Eritrea said that in 1992 his Government declared the Port of Assab a free port, making all its facilities available to Ethiopia. The Port of Massawa also provided transit services to the northern part of Ethiopia These services should be intensified in future when the road corridor connecting northern Ethiopia to the port was improved. The efforts of his Government in solving internal problems as well as lessening those of the subregion were in line with its principles and policies for modernization through cooperation. Hence, it was in the interest of his Government to provide the Ethiopian Government with proper and efficient transit and transport services and, to that effect, concrete measures had been taken, of which the following could be cited: rehabilitation of the Port of Massawa, reconstruction of a number of roads linking the centres of production in Ethiopia to roads in Eritrea and improvement of the communications system. Efforts were also being made for the liberalization of transport and transit services. The above improvements were made possible by financial support from the donor community. Further support from donor countries, international financial institutions and international organizations was needed to support Eritrea in its development efforts.

39. The representative of Pakistan stated that his country fully recognized the problems faced by land-locked countries and it was in the spirit of that recognition that Pakistan was extending, on a bilateral basis, all facilities for land-locked countries using Pakistan as a transit country. Pakistan had also dealt with the subject at the regional level. A quadripartite agreement among Kazakhstan, Kyrgyzstan, China and Pakistan provided reciprocal transit facilities for all four signatory countries. This transit route stretched over 3500 km and included the Karakuram Highway. An agreement had also been concluded for extension of a railway between Uzbekistan and Pakistan via Afghanistan. The representative of Pakistan sought donor assistance in order to enable transit countries to improve and maintain their transit routes and develop new routes.

40. The representative of TTCA stated that his intergovernmental organization was composed of Kenya, Uganda, Rwanda, Burundi and Zaire. TTCA assisted member governments to monitor and review progress in the implementation of the Northern Corridor Transit Agreement. The regular monitoring work carried out by the secretariat with strong support from the UNCTAD secretariat enabled member States to resolve many problems relating to transit

facilitation. The Northern Corridor secretariat and its member States needed strong support from the international community in order to strengthen their cooperation. He expressed gratitude to donors, in particular the European Union, for extending financial assistance for road construction and infrastructure-related investments. He further stated that more needed to be done to this effect and he called upon the international community to increase its support for the actions of the member States and the Northern Corridor secretariat designed to improve the transit transport system.

41. The representative of Paraguay said that the development of the immense potential of her country had been compromised by its land-locked position. With the signing of a treaty between Paraguay and Argentina in 1967, free reciprocal navigation on the Paraná, Paraguay and Plata rivers had started. That process was further strengthened through the machinery of MERCOSUR and Hidrovía. The former is the mechanism for removal of obstacles and trade facilitation while the second one, in which Argentina, Brazil, Bolivia, Paraguay and Uruguay participate, had clearly revitalized the river transport which had practically disappeared. She expressed the wish of her government to reach, in a short time, an understanding with its partners in Hidrovía, with regard to the extension of facilities under the prevailing conditions on the Río de la Plata so that both Bolivia and Paraguay could fully exercise their right of access to the sea.

42. That statement was made in the light of the objective of the current meeting to find solutions to reduce the negative impact of land-lockedness as well as ideas developed in the course of the Symposium for Land-locked and Transit Developing Countries with regard to promotion of agreements for establishment of an efficient and self-sustaining transit transport system. Her country supported the bi-oceanic land corridor project, whereby an alternative route would pass through the territories of Brazil, Paraguay and Bolivia, allowing access to seaports in Chile and Peru. Those efforts should be supplemented by international cooperation, in particular the assistance of donor countries to allow Paraguay to exercise its full right of free access to the sea in order to enable it to compete under equal conditions in international markets.

43. The representative of Burundi said that his country was served by three alternative routes: the Northern Corridor to and from the Port of Mombasa, the Central Corridor via the port of Dar-es-Salaam and a third corridor via Southern Africa. The Northern Corridor suffered from cumbersome customs and administrative procedures. His country had an interest in the development and operation of the Isaka terminal in Tanzania and in that context urged that donors support that project. He appealed for donor support in the

purchase of rail wagons, which he considered inadequate in the Central Corridor, as well as support for the development of lake transport on Lake Tanganyika. He also urged the International community to provide financial resources to establish a rail link to his country and also encouraged the support for the block train project along the central corridor.

44. Burundi's transit transport strategy was based on bilateral and subregional cooperation. In this context, Burundi strongly supported subregional instruments, such as the RCTD document, the subregional third-party motor vehicle insurance and the agreed axle-load standards.

45. The representative of Afghanistan said that the land-locked and transit developing countries could benefit immensely from the analyses contained in the documentation of UNCTAD. He underlined that the monitoring and follow-up of transit arrangements could be more effective if they were carried out by international bodies. Land-locked developing countries, particularly the least developed among them, faced many difficulties and so he urged the donor community to provide them with required financial assistance and technical co-operation.

46. Afghanistan, besides being land-locked and least developed, had been ravaged by war, which had taken an immense toll on the physical infrastructure, in particular, and on its development, in general. He expressed the hope that the international community would fully take into account the emergency requirements as well as the development needs of Afghanistan.

Action by the Meeting

47. At its closing plenary, on 22 July 1995, the Meeting adopted a Global Framework for Transit Transport Cooperations between Land-locked and Transit Developing Countries and the Donor Community (TD/B/LDC/AC.1/6). ( For the text of the Global Framework, see Annex I )

Closing statements

48. The Director-in-Charge of the Division for Least Developed, Land-locked and Island Developing Countries stated that the spirit of cooperation that had been shown by land-locked and transit developing countries and the donor community clearly demonstrated the strong political will to promote an effective global framework for transit transport cooperation between them. The Global Framework represented another major breakthrough in international cooperation in the transit transport field.

49. He recalled that in an effort to mobilize support for the land-locked and transit developing countries by the international

community, the UNCTAD secretariat and the General Assembly had since 1973 provided forums for identifying the particular needs and problems of land-locked developing countries and their transit neighbours. The various meetings had made recommendations regarding the actions that needed to be undertaken in order to improve the transit transport systems. During recent years, the land-locked developing countries and their transit neighbours had built up common positions that enhanced transit transport cooperation between them. The donor community, hailing the emerging spirit of cooperation, supported major projects to improve the transit transport systems. The impact of those efforts had been encouraging, but the requirements for effective and self-sustainable transit transport systems had not yet been fully met.

50. It was against such a background that the General Assembly had decided to convene an intergovernmental meeting of experts from land-locked and transit developing countries with representatives of donor countries and financial and development institutions in 1993. Progress in the implementation of the conclusions and recommendations of that meeting had been reviewed first in a symposium for land-locked and transit developing countries, and then in the current meeting of governmental experts.

51. The strategic framework adopted by the meeting, including the recommended follow-up mechanisms, should provide a strong impetus for effective implementation of agreed measures at the national, subregional, regional and international levels. The UNCTAD secretariat, in cooperation with the regional economic commissions, should attempt to play an active role in supporting the implementation of the Global Framework for transit transport cooperation that had been agreed upon.

52. The representative of Mongolia, speaking on behalf of the land-locked developing countries, said that the Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community had put in place a sound groundwork for future concerted actions aimed at addressing the particular concerns and developmental needs of land-locked developing countries in a comprehensive and cooperative manner.

53. The representative of Kazakhstan commended the UNCTAD secretariat for the documentation it had prepared for the meeting and the role it had played in mobilizing international support for land-locked developing countries. The transit and transport problems of land-locked countries in Central Asia inhibited their economic and democratic progress. Improvement of the existing transit transport environment, development of alternative transit routes, and harmonization of the transit and transport legal and normative base appropriate to Kazakhstan and other countries in Central Asia were three basic needs for a healthy transit transport system in the region. His country was a strong supporter of

cooperation in the field of transit transport within the framework of the Economic Cooperation Organization. He viewed the Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community as a very valuable instrument for future actions in transit transport. UNCTAD should play an important role in promoting the implementation of the recommendations of the Meeting and in facilitating their follow up.

54. In his closing statement, the Chairman said that the Global Framework which had been adopted was the most comprehensive document agreed upon by land-locked and transit developing countries and their development partners covering practically all aspects of transit transport cooperation. The Global Framework was a landmark in transit transport cooperation between developing land-locked and transit countries and donor countries. The consensus of donor countries reflected their appreciation of the magnitude of problems of land-locked and transit developing countries and their commitment to assist those countries in their efforts to overcome such problems. Expressing confidence that the implementation of the Global Framework would take place in the same spirit of understanding and cooperation in which it had been negotiated, he extended special thanks to the Government of Norway whose financial support had facilitated the participation of a number of representatives from the land-locked and transit developing countries in the Symposium and the Meeting. He also paid tribute to the support of UNDP which had provided resources for the substantive preparations.

## Chapter II

## ORGANIZATIONAL MATTERS

### A. Opening of the session

55. The session was opened by the representative of the Officer-in-Charge of UNCTAD on 19 June 1995.

### B. Election of officers

(Agenda item 1)

56. At its first meeting, on 19 June 1995, the following officers of the Bureau were elected:

| | |
|---|---|
| Chairman: | H.E. Mr. Percy MANGOAELA (Lesotho) |
| Vice-Chairman: | Mr. XU Jin (China) |
| Rapporteur: | Mr. Jean-Bosco Mushi BUTERA (Rwanda) |

57. At its second meeting, on 20 June 1995, Mr. Gerhard DOUJAK (Austria) was also elected as Vice-Chairman of the Meeting.

### C. Adoption of the agenda and organization of work

(Agenda item 2)

58. At its opening plenary, the Meeting adopted the provisional agenda. The agenda for the meeting reads as follows:

1. Election of officers
2. Adoption of agenda and organization of work
3. Review of progress in the development of transit systems in the land-locked and transit developing countries
4. Proposals for appropriate future action
5. Other business
6. Adoption of the report of the Meeting.

### D. Adoption of the report of the meeting

(Agenda item 6)

59. At its closing plenary, on 22 July 1995, the Meeting adopted its draft report (TD/B/LDC/AC.1/L.2 and Add.1) and authorized the rapporteur to complete the report in the light of the proceedings at its closing plenary.

Annex I

# GLOBAL FRAMEWORK FOR TRANSIT TRANSPORT COOPERATION BETWEEN LAND-LOCKED AND TRANSIT DEVELOPING COUNTRIES AND THE DONOR COMMUNITY

CONTENTS


| Chapter | | Paragraphs |
|---|---|---|
| | Introduction | 1 |
| I. | Fundamental transit transport policy issues | 2 - 10 |
| II. | Sectoral issues | 11 - 29 |
| | A. Railways | 11 - 14 |
| | B. Roads | 15 - 18 |
| | C. Port facilities and services | 19 - 20 |
| | D. Inland waterways | 21 |
| | E. Air freight | 22 |
| | F. Communications | 23 |
| | G. The role of external assistance | 24 - 28 |
| | H. Implementation and follow-up mechanisms | 29 |

**Introduction**

1. The particular needs and problems of land-locked and transit developing countries have been a subject of discussions in various international fora for many years now. In spite of several initiatives by these countries, both at the national and the international level, and by the international community to overcome these particular problems, the challenges that these countries still face continue to be formidable. It is against this background that the General Assembly, during the last four years, has supported an innovative approach to promote more effective cooperative arrangements between land-locked and transit developing countries and their transit neighbours and to encourage a more active supportive role on the part of the donor community. The first Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions organized under the auspices of the United Nations in May 1993 served as a unique forum to promote these arrangements that constitute the framework for establishing effective and self-sustaining transit transport systems. The Meeting also addressed the issue of the role of the international community in supporting such efforts. The observations and recommendations made by the Symposium for Land-locked and Transit Developing Countries, which was held in New York from 14 to 16 June 1995, pursuant to General Assembly resolution 48/169, took fully into account the specific needs and requirements of the various regions and subregions where land-locked and transit developing countries are located. These observations and recommendations were discussed, and agreed upon, by the Second Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions. They constitute the basic elements for a new global agenda for a triangular transit transport cooperation which are outlined below.

## I. Fundamental transit transport policy issues

2. Both land-locked and transit countries often have recourse to interventionist policies in pursuit of non-economic objectives such as immediate employment creation in the road haulage industry or the protection of railways. In the long run, it is important to take into account the commercial viability of the transit transport sector, the quality of services and the cost to the customer. Accordingly, ***it is recommended***:

. That Governments support the development of a market-oriented commercial environment by

liberalizing the trade in transit services and by establishing a competitive market where suppliers of such services are profit-driven.

3. In order to improve transit security which may be impaired by disruptions in the main transit corridor, land-locked countries strive to develop alternative routes. This policy also opens up the possibility of commercializing the transit issue by fostering competition between ports and transit corridors. There are, however, two latent problems that continue to emerge in this regard. Making alternative routes operational may require extensive government intervention in markets to redirect importers and exporters away from the traditional routes. Such interventions have adverse cost implications that may not be beneficial to the users of transit services. Furthermore, there is inevitably a conflict of interest, as a coastal State is concerned to ensure that investments in transit facilities are efficient and profitable and that transport capacity is not excessive. ***It is therefore recommended***:

- That bilateral and subregional cooperative arrangements, wherever appropriate, address these issues in order to ensure transparency of mutual advantages that are inherent in establishing, managing and maintaining a transit system that assures coastal States of the reliability of transit traffic, which is often an important source of foreign exchange revenues, and future access to transit corridors by land-locked States, which is an important security consideration for these States;

- That development of transit routes should be based on a full analysis of the costs and benefits involved, and the proliferation of costly alternative routes which may not be justified on the basis of such analysis should be avoided.

4. Land-locked and transit States have taken a number of initiatives to coordinate transit transport operations as an integral part of formal bilateral and subregional transit agreements or ad hoc consultative arrangements. The implementation of these coordination arrangements, however, remains generally weak because of the lack of effective monitoring and enforcement mechanisms. In this connection ***it is recommended***:

- That the existing institutional mechanisms at the policy and operational levels to monitor and promote the implementation of agreements

and arrangements be further strengthened, and where they do not exist they be established urgently, and that the involvement of such institutions as shippers' councils and trade facilitation committees, which include representatives from the private sector, be stronglyencouraged.

5. The use of international agreements has long been a successful instrument in promoting efficient and reliable transit transport systems. Many of these agreements have, however, not been adhered to by a number of land-locked and transit developing countries, partly as a result of the lack of knowledge about the benefits which accrue from such agreements, as well as the lack of the necessary institutional arrangements to initiate and follow up the necessary actions for the ratification process. ***It is accordingly recommended***:

. That land-locked and transit developing countries should consider further enhancing efforts to adhere to these conventions and that the donor community and international organizations, including UNCTAD, should provide the necessary technical assistance to these countries as appropriate.

6. There are clear advantages which accrue from the well balanced and managed use of both rail and road. ***It is accordingly recommended***:

. That policies be developed which enable both modes to compete fairly in a commercial environment for transit traffic.

7. The high transit transport costs which land-locked countries have to incur because of transport distance, procedural bottlenecks, poor transit and communications facilities, time delays, storage costs and high transit tariffs are a matter which will continue to be of prime concern to these countries. These costs can, however, be reduced, not only by addressing these transit-specific problems but also by deliberate efforts to reduce the dependency on overseas markets. Accordingly ***it is recommended***:

. That land-locked countries consider, in appropriate situations, measures to restructure their production and trade patterns through the promotion of projects geared towards importation substitution programmes and greater regional and subregional trade;

. That land-locked countries and their transit neighbours exploit their development potentials in such areas as tourism, industry, energy and agriculture through joint ventures, and also work towards the reduction of transit tariffs.

8. The lack of adequate skilled manpower in the transit transport sector continues to be acute and a source of serious inefficiencies in transit operations. ***It is therefore recommended***:

. That deliberate efforts be made to promote integrated training programmes encompassing all levels, from the top management to low-level operators, in both public and private sectors and that such training programmes include training of trainers and provision of training materials and local counterparts in cases where foreign experts are involved;

. That efforts should be made to improve the institutional capacities in the transit transport sector.

9. Environmental degradation continues to be a serious worldwide problem, but the developing countries are least equipped to meet this challenge effectively. The development and management of the transit transport infrastructure may give rise to environmental damage. Accordingly, ***it is recommended***:

. That cooperative measures by land-locked and transit countries be agreed upon to facilitate adherence to appropriate environmental standards;

. That promotion and development of transport sectors should be based on environmentally sound management of traffic and transport systems and effective design in accordance with agreed environmental standards.

10. The development of transit transport infrastructure and its adequate maintenance continue to be a major concern of the land-locked and transit countries concerned and the donor institutions which provide such support. ***It is therefore recommended***:

. That Governments in the land-locked and transit developing countries, as well as their development partners and the private sector, give high priority to the development and effective maintenance of transit transport

infrastructure programmes, including the mobilization of adequate resources for this activity.

## II. Sectoral issues

### A. Railways

11. Railways have an important role to play in the transit transport corridor systems linking ocean ports with most of the land-locked countries. Policy and operational problems have, however, reduced their efficiency and profitability and the quality of services to the customer. Where regulatory protection of railways is loose, this has led to a gradual shift to road transit traffic.

#### (i) Policy aspects

12. The policy environment of the railway administrations has generally not been conducive to market-oriented management. Some of the prevalent specific characteristics of railway management patterns which negatively affect the performance of rail traffic include the following: application of civil service regulations which reduce the flexibility of railway administrations to respond effectively and in a timely manner to customers' demands; undue protection of railways against other competing modes; the funding of non-commercial operations by some Governments; limited autonomy of railways to approve plans and capital expenditure and monitor performance on a regular basis; poor coordination of railway management on a subregional basis; and little regard to the environmental impact of railway operations. Accordingly, *it is recommended*:

- That Governments consider providing greater operational autonomy to railway managements by carrying out appropriate restructuring plans;

- That commercial criteria should also be considered in the operation of railways, and competition with other modes should be promoted and their complementary roles enhanced. Privatization of some railway services should be encouraged, where feasible;

- That, where railways must operate on a commercial basis but at the same time fulfil a "public service obligation", Governments meet the cost of such a service;

. That institutional arrangements be put in place to monitor the safety, pollution and environmental implications of carriage by rail, particularly with regard to dangerous goods.

(ii) Rail transit infrastructure

13. Important projects and programmes to rehabilitate and develop railway infrastructure involving the main transit corridors have been initiated in all regions and subregions. Some of the leading examples include the following: the Corredor de los Libertadores project in Latin America, which was launched by Bolivia, Peru, Brazil, Paraguay, Uruguay, Argentina and Chile and is designed to create a coordinated transcontinental freight network; the SATCC programme in Southern Africa to rehabilitate the rail transit corridors to the ports in Mozambique, Angola, the United Republic of Tanzania and Namibia; the Indian scheme to convert all existing metre gauge line to broad gauge that will also benefit Nepal; the rehabilitation programmes along rail transit corridors to the land-locked countries of the East/Central and West/Central African subregions to the ports on the Indian and Atlantic oceans respectively; the Mashhad-Sarakhs project in the Islamic Republic of Iran linking the Central Asian Republics with the Persian Gulf ports; the Euro-Asian Transcontinental railway corridor project linking China and Western Europe through countries members of the Economic Cooperation Organization; railway routes linking the Central Asian region with Pakistan through Afghanistan. Problems of great concern relate to the persistent problem of the limited availability of equipment, including locomotives and wagons, and poor maintenance standards. Accordingly, *it is recommended*:

. That measures be undertaken to mobilize more resources to meet current and future equipment and maintenance requirements;

. That Governments establish more effective mechanisms to implement bilateral and subregional inter-railway agreements related to such key areas as payments procedures for equipment hired and services provided in exchange; conditions for using and returning wagons; maintenance of wagons; standardization of railway equipment, methods of dealing with damage and repairs to wagons; and consultations and arbitration procedures;

. That, where necessary, new railway connections at the subregional level be established and also that the rehabilitation programmes for

railways move in tandem with new technological improvements and innovations.

(iii) Operational issues

14. The smooth movement of transit cargo by rail is still hampered by a series of operational constraints which must also be addressed within the framework of bilateral and subregional arrangements and consultations. *It is accordingly recommended*:

- That cross-border facilitation of trains be further improved by simplified and harmonized documentation procedures, as well as coordinated working hours;

- That adequate equipment, personnel and facilities for railway inspection be provided and that standardized inspection systems at borders be established;

- That Governments take the necessary initiative to adhere to relevant international conventions related to rail transport, such as the International Convention Concerning the Carriage of Goods by Rail (CIM), which provides internationally accepted rules that guarantee an efficient and safe environment for inter-country rail operations;

- That efficient systems for cargo monitoring along the transit corridors be established;

- That training programmes both at the national and subregional level be expanded and maintained and inter-railway staff exchange programmes be encouraged;

- That a more simplified scheme which is responsive to customer needs in terms of liability claims and compensation be introduced where cumbersome procedures are still prevalent.

B. Roads

15. Although road haulage may not be the most cost-effective arrangement on long transit transport corridors linking the land-locked countries with ocean ports, there is a growing shift of traffic from railways to road traffic because of the possibility of achieving better service standards in terms of speed and

security in transit. This trend, however, remains under challenge as a result of both policy and operational constraints which need to be addressed aggressively if the road haulage industry is to maintain its competitive edge over other modes of transit transport.

(i) Policy issues

16. The main policy issues include road traffic legislation, transit transport charges, road financing arrangements, road transit transport management and coordination of road traffic activities. In order to redress the current inefficiencies still very prevalent in these areas, ***it is recommended***:

- That common standards and certification in such areas as road safety, vehicle and driver testing, road permits, driver licensing and vehicle standards should be adopted at the bilateral and subregional levels;

- That Governments should adopt a deliberate policy of liberalizing road transit services by encouraging competition in the road transit haulage industry;

- That Governments should make efforts to harmonize transit charges at the bilateral, subregional and regional levels and that effective enforcement mechanisms be introduced;

- That serious consideration be given to the establishment of a simplified payment system for effecting transit charges in order to facilitate the payment procedures for inter-country movement of vehicles;

- That, where applicable, Governments accord road transport boards greater autonomy to implement corporate decisions;

- That the involvement also of private sector organizations in the formulation of road transit transport policies be encouraged;

- That the prevalence of environmental hazards in the road transport industry be addressed by establishing policy guidelines for pollution control and the carriage of dangerous goods by road.

(ii) Road transit infrastructure

17. Investment in the expansion of the road transit infrastructure is increasing. Yet considering the magnitude of the required investments, further sizeable resource allocations are required from all sources for road development projects, particularly with assistance from the development partners of the land-locked and transit developing countries. The key problem area, particularly with regard to international trunk routes, is poor maintenance. This is closely associated with the rampant practice of overloading vehicles. National and subregional initiatives have been taken to set axle-load limits and to harmonize axle-load regulations, but these efforts have led to little progress because of poor coordination of mechanisms to enforce the recommended uniform axle-load regulations, including the use of weighbridges. ***It is accordingly recommended***:

- That investments from all sources be substantially enhanced to develop road transit infrastructure in land-locked and transit developing countries;

- That effective harmonized axle-load regulations and road maintenance procedures be introduced at the bilateral and subregional levels;

- That existing institutions to monitor the implementation of agreed regulations and procedures be strengthened and that sanctions for non-compliance be agreed on and enforced;

- That road transit charges be exclusively used for maintaining and improving highway links so as to minimize vehicle operating costs.

(iii) Operational issues

18. Road transit traffic in many land-locked and transit countries continues to be constrained by a range of non-physical barriers and other operational difficulties which should be addressed at the national, bilateral and subregional levels. ***It is therefore recommended***:

- That more effective measures be undertaken to harmonize and simplify customs documentation and procedures, immigration formalities, cargo inspections, border working hours and other practices that lead to delays in the movement of cargo;

- That Governments consider taking the necessary initiatives to accede to and implement relevant international conventions related to road transport, such as the Convention on the Contract for the International Carriage of Goods by Road (CMR), which provide internationally accepted rules that guarantee an efficient and safe environment for inter-country road operations;

- That regional data bases on road transit be expanded in order to facilitate road transit management and operational planning;

- That the question of a quota system for distributing transit cargo to domestic and foreign truckers and the practice of differential transit charges be reviewed in bilateral and subregional contexts as part of the broader policy to deregulate the road transit haulage industry;

- That a common integrated third party insurance scheme at the bilateral, subregional and regional levels be adopted;

- That national and regional training programmes be expanded and maintained and that the training material should also relate to inter-country road transit transport practices and regulations.

C. Port facilities and services

(i) Policy issues

19. Although some progress has been achieved, the land-locked countries and their coastal neighbours are equally concerned by the persistent inefficiencies of the ports in their regions. This is partly linked to the inadequacies of Governments' policy framework affecting ports. ***It is accordingly recommended***:

- That Governments should seek innovative and cooperative arrangements to improve port facilities and services for land-locked developing countries;

- That Governments encourage more commercially oriented management practices and that, if Governments require some traffic in the port

to move at sub-economic rates, they should pay for such service;

. That steps be considered to give greater autonomy to port management authorities to effect changes;

. That the issue of privatization of certain sectors of port activities be given serious consideration;

. That Governments consider allowing port authorities to retain some of their foreign exchange for meeting some of their equipment requirements;

. That Governments consider taking the necessary administrative actions to accede to and implement relevant international conventions related to port safety and pollution control and to port facilities and services for transit traffic;

. That Governments promote greater cooperation and coordination between public and private institutions dealing with transit traffic in the ports (customs administration, security personnel, port authorities, commercial banks, clearing and forwarding agents, insurance companies, etc.);

. That port authorities should be encouraged to actively seek business opportunities;

. That coastal countries consider providing necessary space to land-locked countries for storage and handling of transit cargo;

. That, when possible, transit countries be encouraged to put in place necessary arrangements to effect direct delivery of transit cargo.

(ii) Operational and physical issues

20. Notwithstanding the progress made, sea ports continue to be a critical bottleneck in the transit system because of a range of physical inadequacies and operational constraints. These are related, inter alia, to the poor quality of handling and storage facilities for transit cargo, which may lead to loss, damage and

deterioration of cargo and to higher charges for such facilities, cumbersome procedures for clearing and release of cargo, and shortage of skilled manpower. ***It is accordingly recommended***:

- That storage charges be competitive and be based on what the market can bear;

- That if storage facilities are provided outside the port area, the location be commercially viable for users;

- That documentation procedures for releasing transit cargo be further simplified and harmonized;

- That joint consultations between land-locked and transit countries address the issue of the level of the bond guarantee for transit cargo, the verification of containers and the representation of operators from the land-locked countries in the port in order to ensure that the users of transit services are not unduly burdened financially and that the security of their goods is safeguarded;

- That banking and insurance institutions make further efforts to promote warehouse-to-warehouse insurance arrangements for transit cargo;

- That the establishment of dry ports in the land-locked countries be vigorously promoted in order to ensure speedy and cost-effective movement of cargo;

- That management in collaboration with donors agree on reducing the multiplicity of port equipment in order to simplify maintenance and the cost of spare parts;

- That training programmes for port workers be expanded and maintained to enable them to adapt to new technologies and procedures;

- That the freight-forwarding and clearing industry, particularly at the small and medium-scale level, be bolstered through comprehensive training programmes;

D. Inland waterways

21. Inland waterways provide transit services to some land-locked countries such as Bolivia, Burundi, Central African Republic, Lao People's Democratic Republic, Malawi, Mali, Niger, Paraguay and Uganda. The key problems in improving the efficiency of transit services along these waterways are poor infrastructure (vessel capacity, navigational aids, radio communications, etc.), the lack of an appropriate legal framework to govern river/lake operations, ineffective measures to prevent pollution and promote safety, and operational bottlenecks related to the interface with other modes in the transit transport chain. ***It is accordingly recommended***:

. That further efforts be undertaken to rehabilitate and expand the lake/river infrastructure facilities along the corridors linking the land-locked countries to ocean ports;

. That Governments establish a legal framework that creates a basis for collaborative actions at a subregional level and ensures an efficient river/lake transit system, including control measures to promote navigational safety and pollution control;

. That efficient interface arrangements with inland transport networks be established;

. That development of new waterways, where possible, should be explored.

E. Air freight

22. Air freighting continues to be an important alternative to surface transit, particularly with regard to the importation of high-value manufactured goods and export of perishable goods (flowers, fruits, vegetables, meat, etc.) and high-value foods. There are, however, persistent infrastructure and operational problems that limit the expansion of the air freighting industry in most of the land-locked countries. ***It is therefore recommended***:

. That physical infrastructure facilities (aircraft, airport handling and storage facilities) need to be expanded;

. That Governments and airlines cooperate in the development of adequate freight collection and distribution systems around the major airports in the land-locked countries;

- That Governments liberalize their policies regarding the granting of traffic rights for freight on scheduled services and lift any restrictions on cargo charter flights; such action would make it possible to use the existing freight capacity more effectively;

- That continuous efforts be made to identify and take advantage of opportunities for stimulating traffic development by lowering of tariffs for commodities, sectors, directions, or periods of time; such reductions may be aimed at developing new types of traffic and especially at correcting existing imbalances in flows;

- That pooling of air transport arrangements at the regional, subregional and bilateral levels be further promoted to permit economies of scale;

- That training programmes at the national and subregional level be expanded and maintained.

F. Communications

23. The remoteness of land-locked developing countries from seaports and overseas markets, compounded by inadequate communication links with various ports and commercial centres in these countries and between ports and overseas markets, continues to be a major handicap inhibiting the speedy movement of transit cargo. This often leads to enormous delays in getting cargo in and out of ports, since there is irregular information on the time schedules for the arrival and departure of cargo. The costs caused by such delays can be considerable. ***It is therefore recommended***:

- That telecommunications facilities be expanded, including through liberalization, and that private sector participation be encouraged and the management of such facilities be streamlined.

G. The role of external assistance

24. Specific action at the national, bilateral, subregional, regional and international levels, as appropriate, should be taken to address the special development problems and needs of land-locked developing countries. To that end, greater international support, through technical cooperation with and financial assistance by developed countries and multilateral financial and

development institutions, is needed to enhance the capacity of the land-locked developing countries to participate effectively in the rapidly globalizing world economy, including global trading, investment and technology transfer processes.

25. The cost implications of meeting the requirements to establish and maintain an efficient transit transport system are often of such magnitude that the land-locked and transit countries left on their own cannot accomplish this formidable task. Many of the land-locked developing countries are among the poorest countries and suffer from all the extreme handicaps of least developed countries. It is to be borne in mind that improved practices and maintenance of existing facilities and new investments in the transit system, with necessary external support, will have to be introduced to a significant extent in the transit countries with a view to facilitating the transit traffic of the land-locked countries. Since most of the transit countries are themselves developing countries with limited resources, the development partners of land-locked and transit developing countries are expected to play an important role in supporting transit transport development programmes. International support and assistance should therefore take fully into account the special vulnerabilities and developmental needs of land-locked and transit developing countries. ***It is accordingly recommended***:

- That consideration be given to a substantial increase in the flow of financial and technical assistance from all sources and existing mechanisms, including the private sector;

- That external financial assistance be made available in the form of grants and/or on the most concessional terms possible;

- That the criteria and procedures used for evaluating the viability of transit transport infrastructure projects and programmes, as well as for approving the funds for them, be flexibly tailored to take into account the particular economic and institutional weaknesses of these countries;

- That other aid modalities, such as local cost and recurrent cost financing and non-tied aid, be given serious consideration;

- That foreign direct investments in the transport and communication sectors be encouraged;

. That efforts of land-locked and transit developing countries to introduce environmentally sound management of traffic and transport systems and effective design should be supported through financial assistance and transfer of environmentally sound technology, according to chapters 33 and 34 of Agenda 21;

. That expanded financial assistance be considered for:

- Maintenance of existing physical transit transport infrastructures along the surface corridors (road, rail, inland waterways, ports and border points), and of the aviation infrastructure when cost-effective;

- New investments designed to establish missing linkages in the transit transport chain, to improve aviation infrastructure, and to extend railroads to land-locked developing countries;

- Development of alternative cost-effective routes;

- The development of dry port projects in land-locked developing countries, designed to reduce transit transport costs;

- Projects to establish weighbridges at border points;

- Equipment to provide transit services (vehicles, rolling stock, spare parts, transshipment, port handling equipment, customs equipment, etc.);

- Joint projects in trade and production to help bolster subregional and regional trade;

- Rehabilitation of the transport infrastructure of countries afflicted by war and domestic strife and natural and man-made disasters.

26. A major factor determining the external trade performance of land-locked developing countries concerns the high additional

transit transport costs that these countries have to bear, which makes their exports less competitive and imports more expensive. ***It is therefore recommended***:

- That the current market access facilitation programmes consider giving particular attention to products of export interest to land-locked developing countries, including GSP schemes for LDCs among them, and exploring ways and means to provide support to these countries in reducing import costs.

27. UNCTAD, regional economic commissions and concerned technical assistance institutions need to further expand their programmes to support the land-locked and transit countries in their efforts to improve their transit transport systems, and their development partners should consider providing the requisite financial support in this regard. ***It is recommended*** that they assist, when requested by the Governments concerned, in:

- Promoting the implementation of agreed bilateral and subregional transit agreements and working arrangements related to the following issues: inter-railway management systems; transit documentation; road engineering standards and maintenance procedures; harmonization of road user charges and axle-load regulations; standardization of road transit regulations; air freighting operations; international conventions related to transit; transit bond guarantee schemes; verification of containers; and simplification of transit insurance schemes;

- Promoting market-oriented transit transport policies;

- Encouraging exchange of experiences related to the development and management of transit transport systems in different regions;

- Maintaining internationally accepted standards of environmental protection in the transit transport sector;

- Promoting and implementing privatization programmes within the transport sector where appropriate;

. Carrying out the required technical studies to help Governments in their policy decisions;

. Supporting training programmes in the following fields:

- Negotiations on transit agreements;
- Customs documentation and transit procedures;
- Freight forwarding and clearing of transit cargo;
- Road safety;
- Environmental protection in the transit transport sector;
- Air freighting;
- River/lake transport;
- Transit insurance;
- Transit cargo handling and storage;
- Dry port development and management; and
- Expanding regional data bases on road transport.

. Assisting Governments in elaborating the implications of acceding to relevant international conventions.

28. ***It is further recommended***:

. That UNDP and other multilateral funding institutions, as well as the development partners of land-locked and transit developing countries, consider providing resources to UNCTAD to reactivate technical assistance for regional and subregional transit transport projects in Africa and Asia.

H. Implementation and follow-up mechanisms

29. In order to facilitate the implementation and the follow-up of the Global Framework adopted by the second Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, ***it is recommended*** that UNCTAD, in close collaboration with the regional economic commissions, coordinate, as appropriate, all the necessary actions in this regard. ***It is further recommended***:

. That specific consultative groups be organized when requested by countries concerned for each subregion which will identify priority areas for action at the national and subregional level, draw up action programmes and their

time-frame, and promote the implementation of already agreed measures;

. That such consultative groups be organized with the help of UNCTAD, in full collaboration with the land-locked and transit countries concerned, the donor countries and institutions, the regional economic commissions and relevant subregional institutions;

. That the results of these consultations, which should be organized in 1996 and 1997, as well as progress in the implementation of the Global Framework, be reviewed at the third Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, which should be scheduled in 1997, with a view to exploring the possibility of formulating specific action-oriented measures;

. That UNDP and other multilateral and bilateral donor agencies and institutions consider the provision of the resources required to organize the above consultative groups;

. That land-locked and transit countries strengthen their existing institutional arrangements for monitoring the implementation of transit transport regulations and practices and that these arrangements should be given the full political support that is required.

Annex II

ATTENDANCE

1. The following States members of UNCTAD were represented at the Meeting:

Afghanistan
Austria
Benin
Bolivia
Botswana
Burundi
China
Congo
Eritrea
Ethiopia
France
Germany
Guinea
India
Iran (Islamic Republic of)
Kazakhstan
Kenya
Kyrgyzstan
Lao People's Democratic Republic
Lesotho
Malawi
Mali
Mongolia
Mozambique
Nepal
Niger
Nigeria
Pakistan
Paraguay
Rwanda
Swaziland
Thailand
Togo
Turkey
Uganda
United Republic of Tanzania
United states of America
Uruguay
Uzbekistan
Zambia
Zimbabwe

2. The following international organizations were represented at the Meeting:

International Labour Office (ILO)
United Nations Development Programme (UNDP)

3. The following intergovernmental organization was represented at the Meeting:

Transit Transport Co-ordination Authority of the Northern Corridor (TTCA)

## Annex III

## CHECKLIST OF DOCUMENTS

### Basic documents

| | |
|---|---|
| TD/B/LDC/AC.1/5 | Provisional agenda and annotations |
| UNCTAD/LLDC/SYMP/2 and Add.1 | Contributions by individual countries, and by international and intergovernmental organizations |
| UNCTAD/LLDC/SYMP/3 | Improvement of transit transport systems in land-locked and transit developing countries: Issues for consideration |
| UNCTAD/LLDC/SYMP/4 | Subregional and regional synopsis of the current transit transport situation and difficulties |
| UNCTAD/LLDC/SYMP/5 | Proposals for the development of Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community |

### Background documents

| | |
|---|---|
| UNCTAD/LDC/90 | Transit transport systems in East and Central Africa: Issues, actions and constraints |
| UNCTAD/LDC/91 | Transit transport systems for Bolivia and Paraguay: Issues, actions and constraints |
| UNCTAD/LDC/93 | Transit transport systems in southern Africa: Issues, actions and constraints |
| UNCTAD/LDC/94 | Transit transport systems in West and Central Africa: Issues, actions and constraints |
| UNCTAD/LDC/96 | Transit transport systems for Ethiopia: Issues, actions and constraints |

| | |
|---|---|
| UNCTAD/LDC/97* | Selected basic transport indicators in the land-locked developing countries |
| UNCTAD/LDC/98 | Transit transport systems in Asia: Issues, actions and constraints |
| A/49/277 | Transit transport systems of the new independent and developing land-locked States in Central Asia and their developing transit neighbours: current situation and proposals for future action |

Other background documents

| | |
|---|---|
| UNCTAD/LDC/Misc.27 | Contribution from ESCAP |
| UNCTAD/LDC/Misc.28 | Contribution from ECLAC |
| UNCTAD/LDC/Misc.30 | Contribution from ECA |
| UNCTAD/LDC/Misc.31 | Contribution from the World Bank |
| UNCTAD/LDC/Misc.33 | Contribution from the African Development Bank |
| UNCTAD/LDC/Misc.34 | Contribution from ECE |
| UNCTAD/LDC/Misc.35 | Contribution from UNDP |